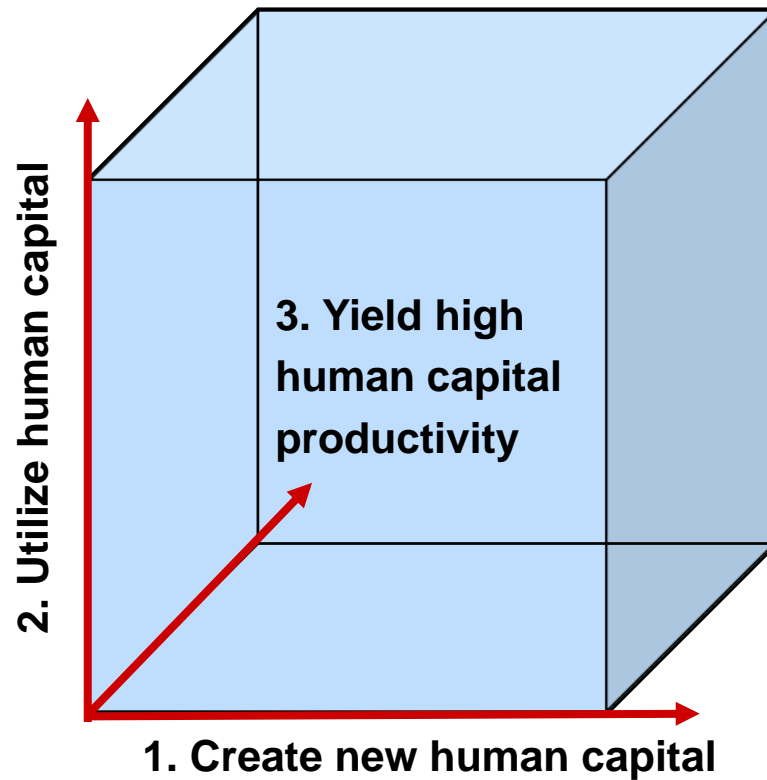


# the **Lisbon** council

making Europe fit for the future

## Three levers for achieving medium- and long-term economic performance

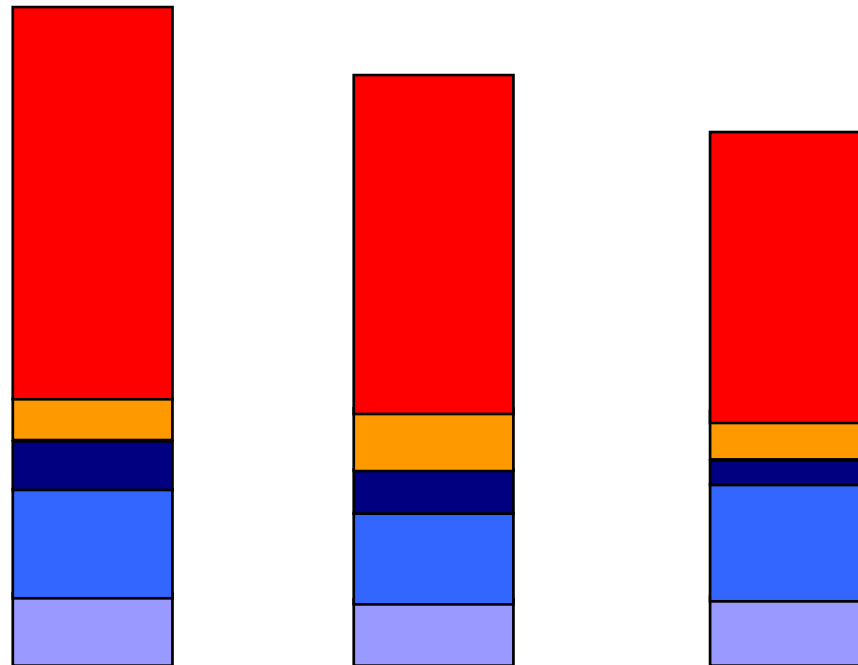


return on  
+ financial capital = GDP

## Human capital consists of five kinds of learning

Dollars adjusted for purchasing power parity (base 2000) per average employed person

Parental    Schooling    Tertiary    Adult    On the job



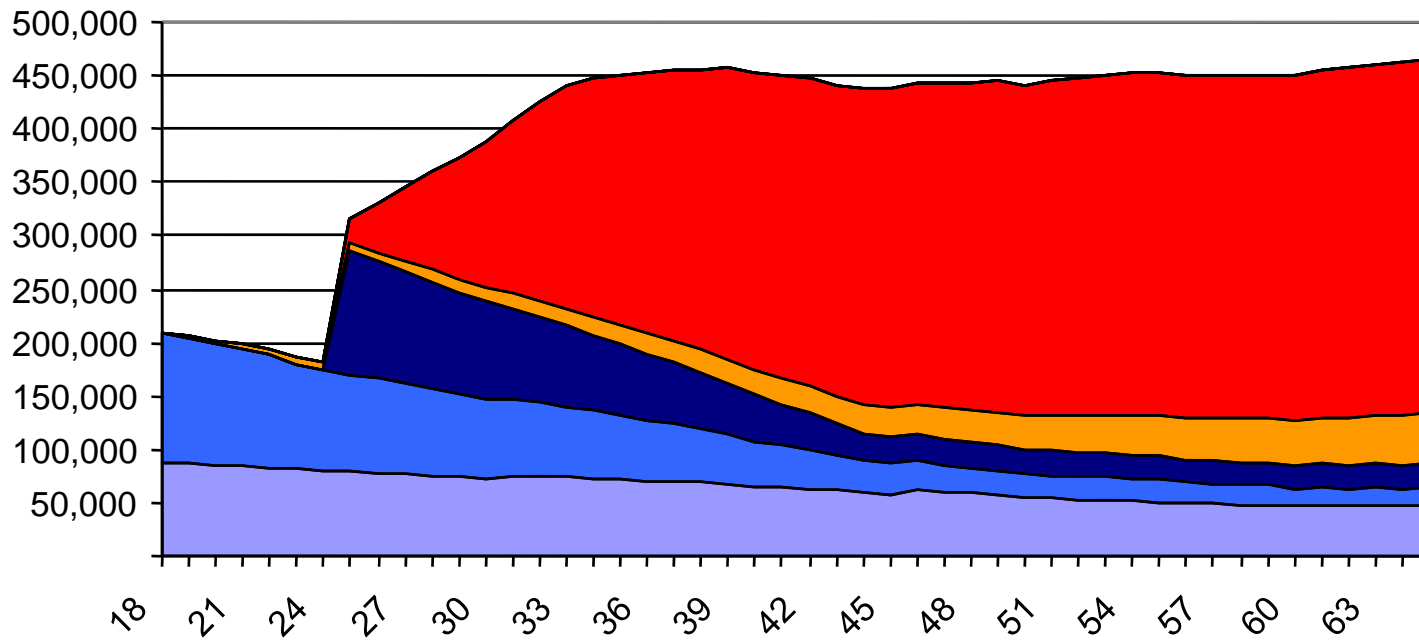
United Kingdom

Sweden

Germany

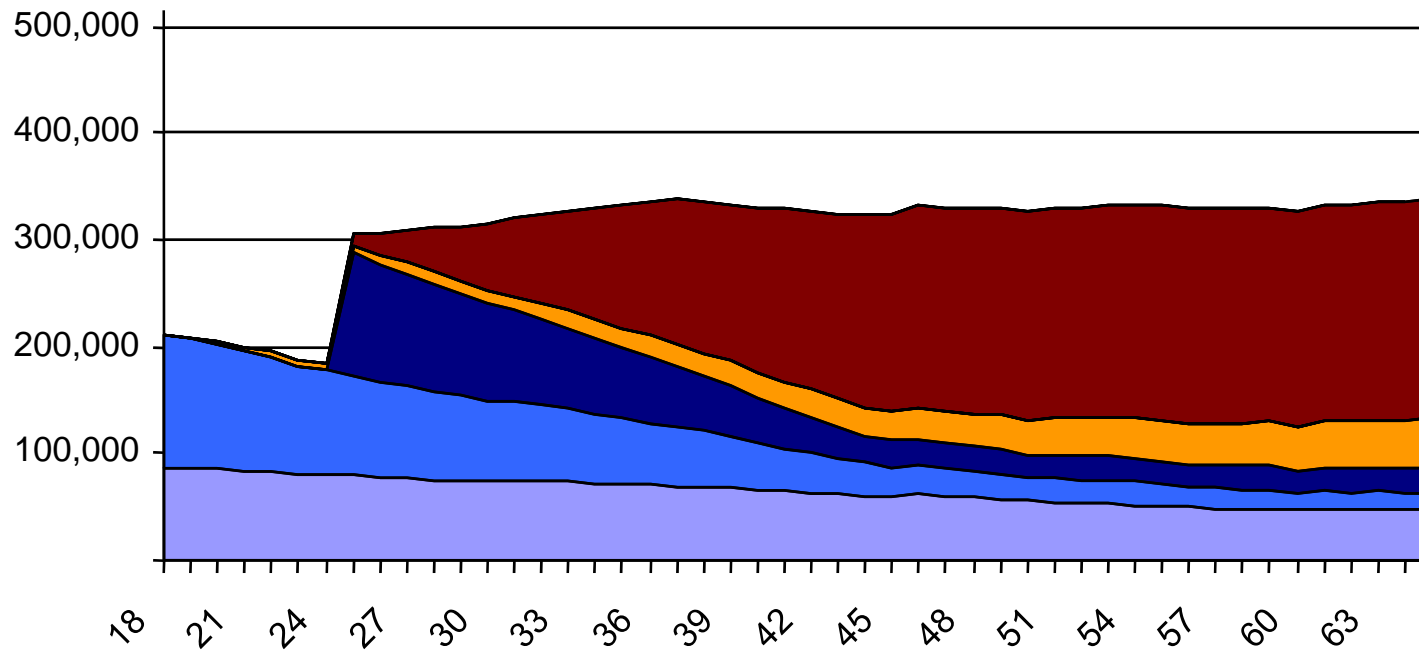
## The human capital biography of a German professional

■ Parental ■ Schooling ■ Tertiary ■ Adult ■ On the job



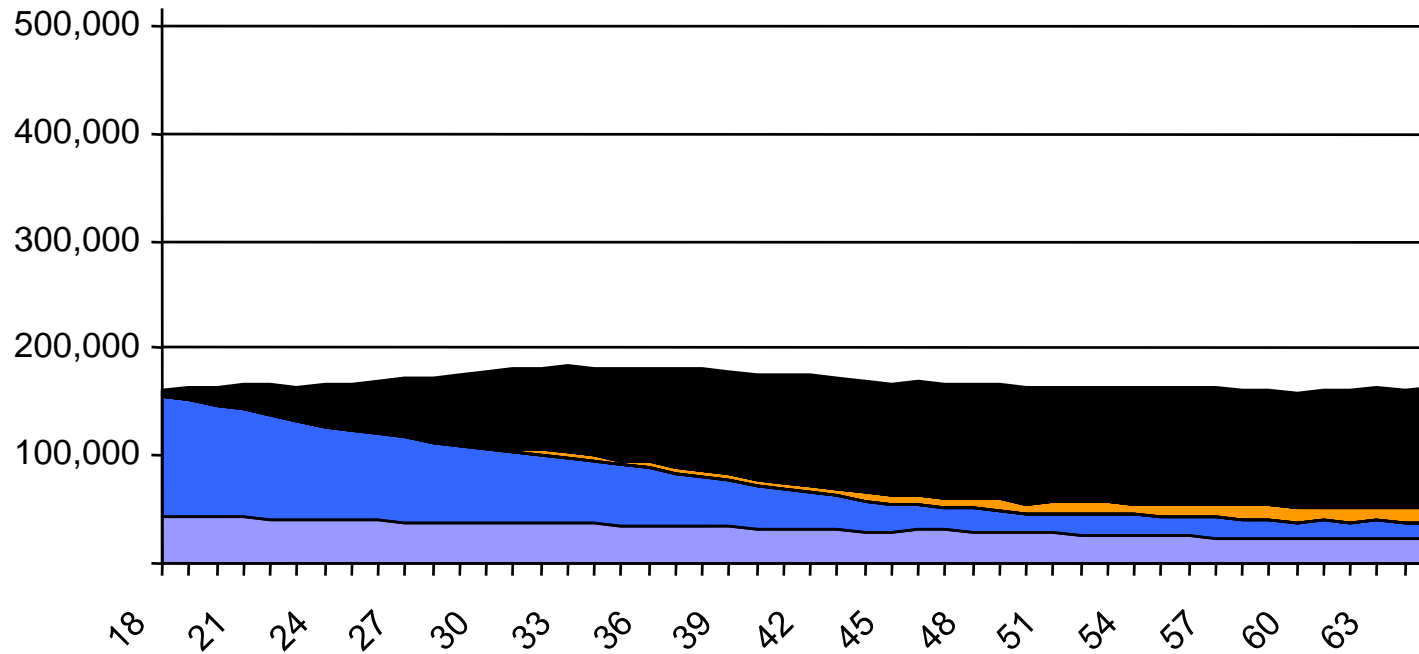
## Human capital biography of a university educated non-professional

■ Parental ■ Schooling ■ Tertiary ■ Adult ■ On the job



## Human capital biography of a medium-skilled worker

■ Parental ■ Schooling ■ Tertiary ■ Adult ■ On the job



## Key data sources

### Main input data:

- Time spent with children
- Quality of schooling
- Participation in tertiary education
- Time spent on informal education
- Structure of labor- market participation
- Net and gross earnings per hour
- Forgetting curves
- Obsolescence experiences
- ppp values



## Human capital index for EU-15 member states

**theLisboncouncil**  
Policy Brief

Innovation at Work:  
The European Human Capital Index  
By Fern Ederer

*„No one has worked out  
the impact of knowledge  
like this before.“*

The Economist  
October 2006





## Human capital Index for Central and Eastern Europe



*,The study should be mandatory reading for the stubborn, complacent and squabbling politicians of Eastern Europe.'*

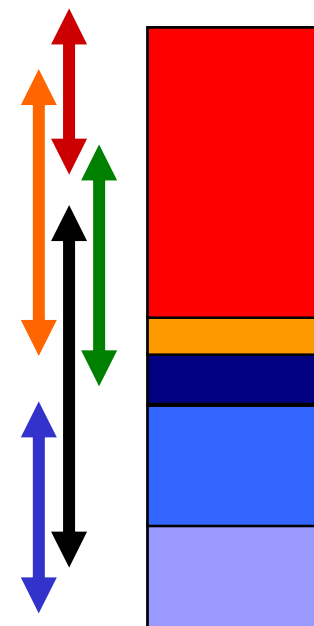
The Economist  
October 2007

## Overall ranking for Central and Eastern Europe

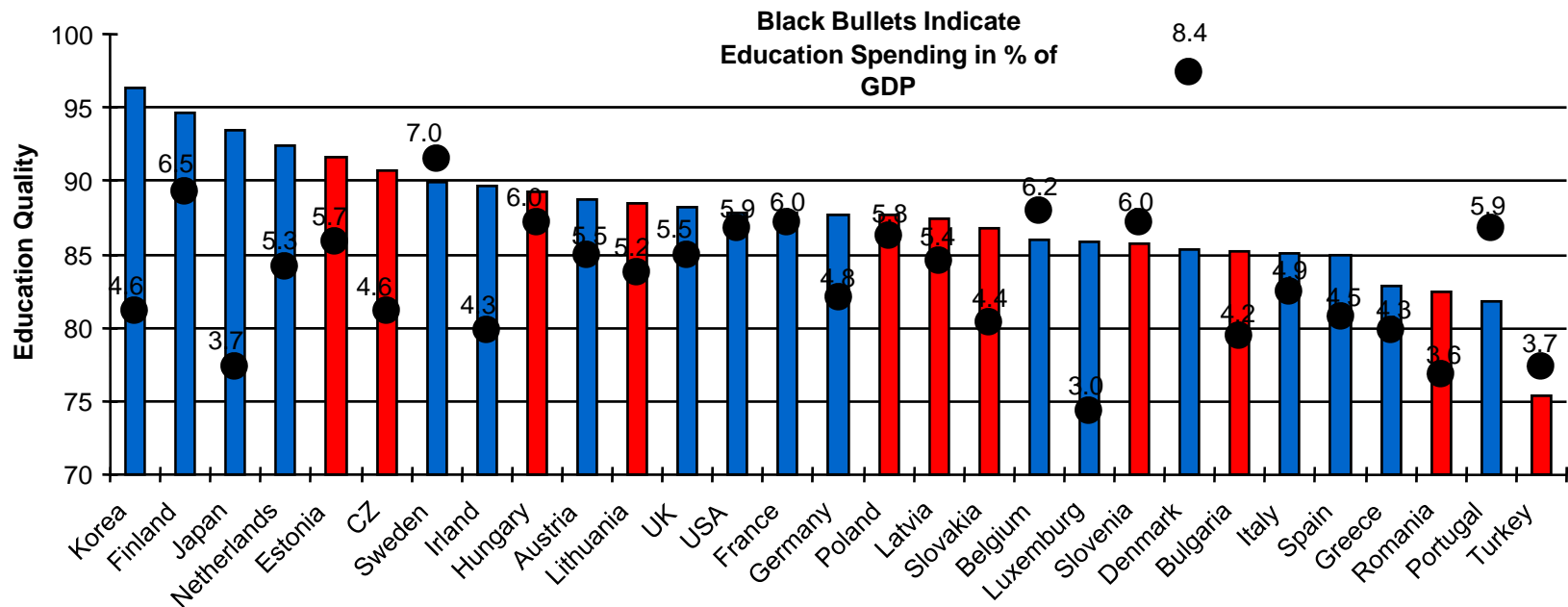
1	Slovenia	22.3
2	Turkey	24.9
3	Lithuania	25.6
4	Czech Rep.	26.3
5	Estonia	26.8
6	Latvia	28.2
7	Romania	29.9
8	Hungary	30.6
9	Slovakia	31.7
10	Bulgaria	32.7
11	Poland	34.0
12	Croatia	35.0

All ministerial portfolios need to contribute to creating and deploying human capital in an economy

- Value-oriented industrial policy**
- Labor-market participation incentives and lifelong learning enforcement**
- Massive technology investment**
- Skills-oriented immigration policies**
- Educational systems upgrades**

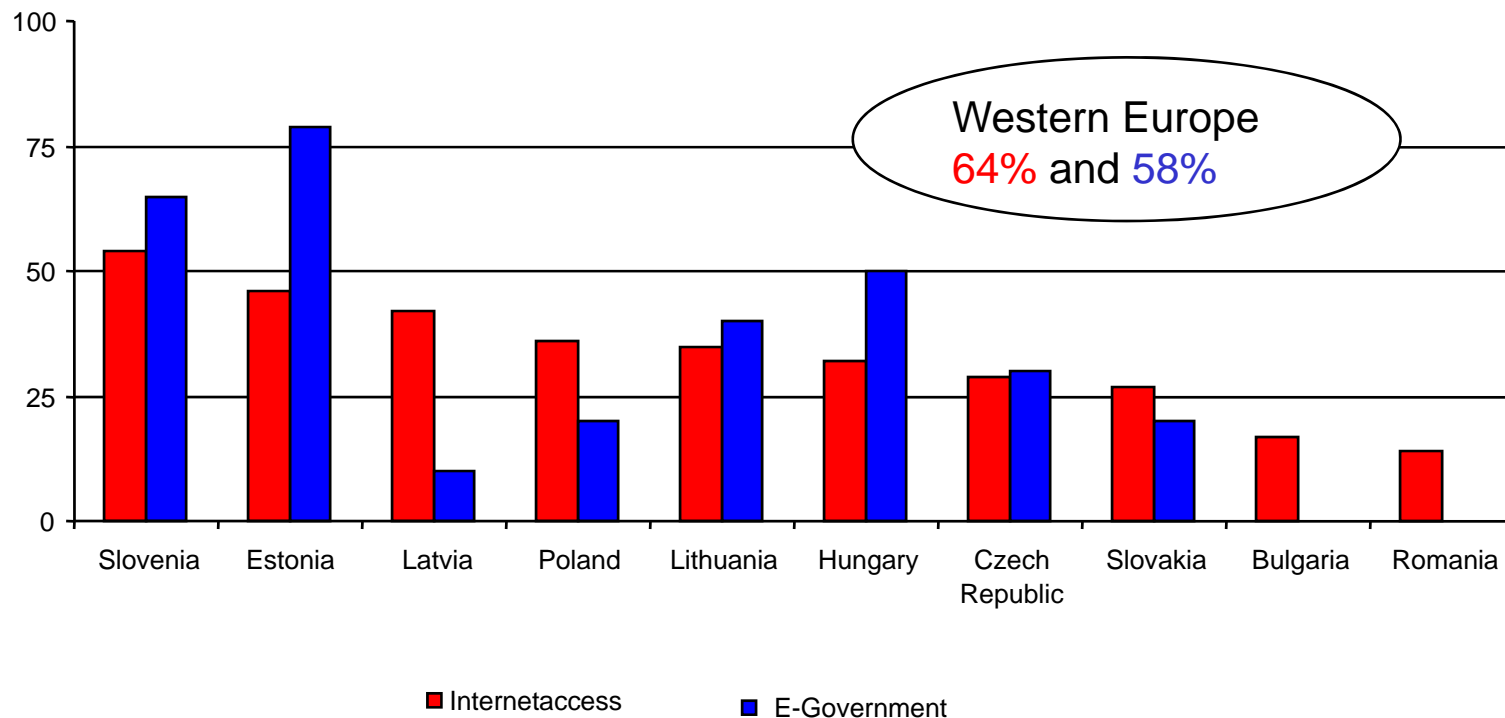


## Quality of secondary schooling in Central and Eastern Europe has reached par with OECD

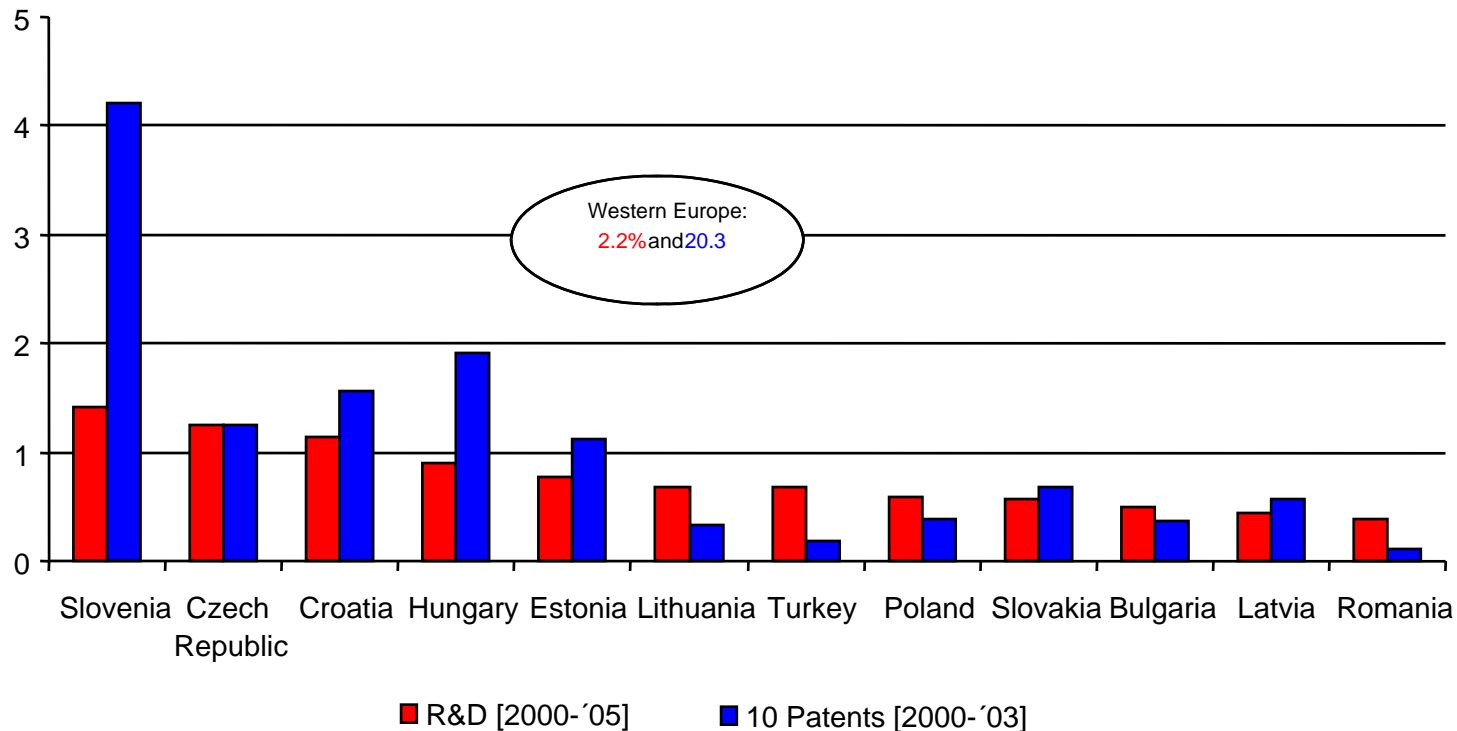


Altinok, Murseli (2007): "International Database on Human Capital Quality"; UNDP

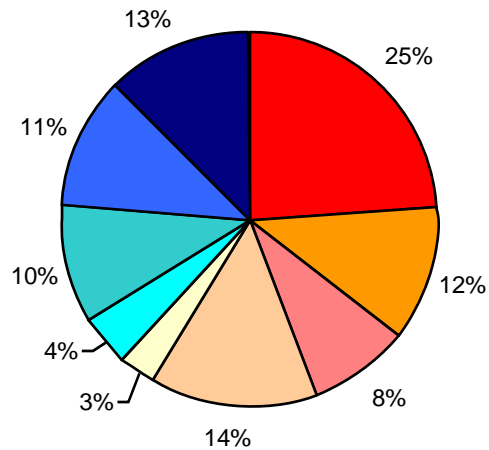
## Central and Eastern Europe countries lag behind Western Europe in connecting citizens to modern communication channels



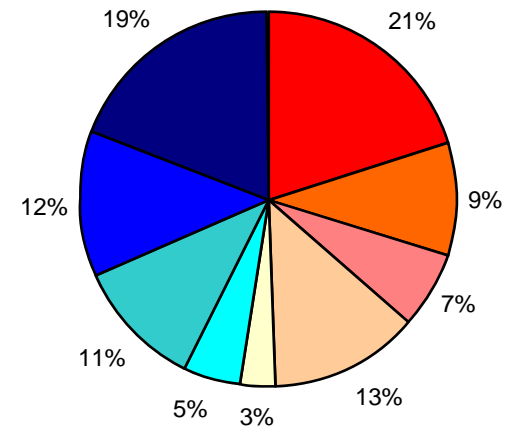
## Central and Eastern Europe lag far behind Western Europe in technology and research intensity



## Central and Eastern European demographic outlook is worst in Europe

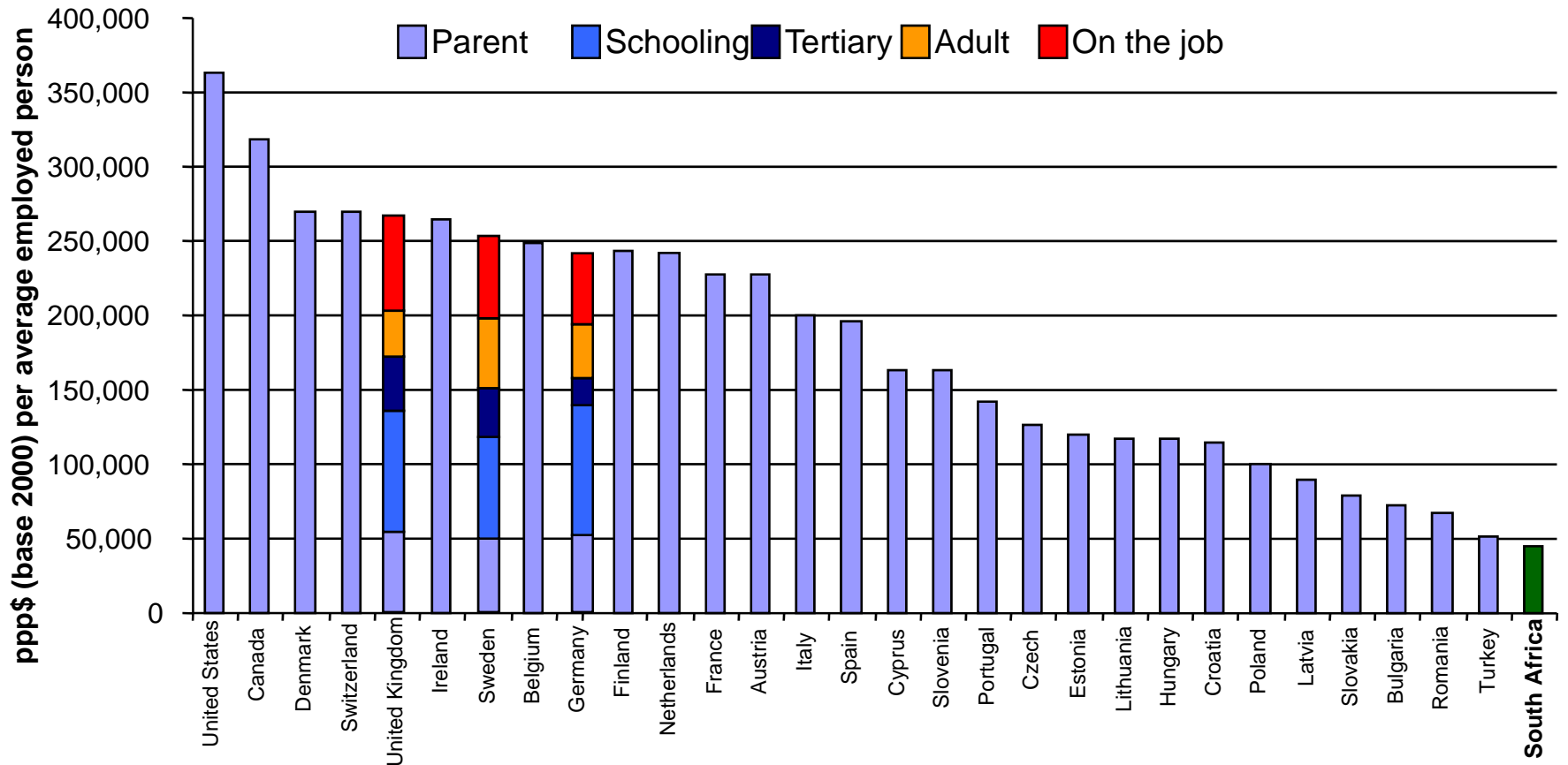


- Mediterranean
- Central
- East Baltic
- Germany
- Alpine
- Scandinavia
- France
- UK/Ireland
- Turkey



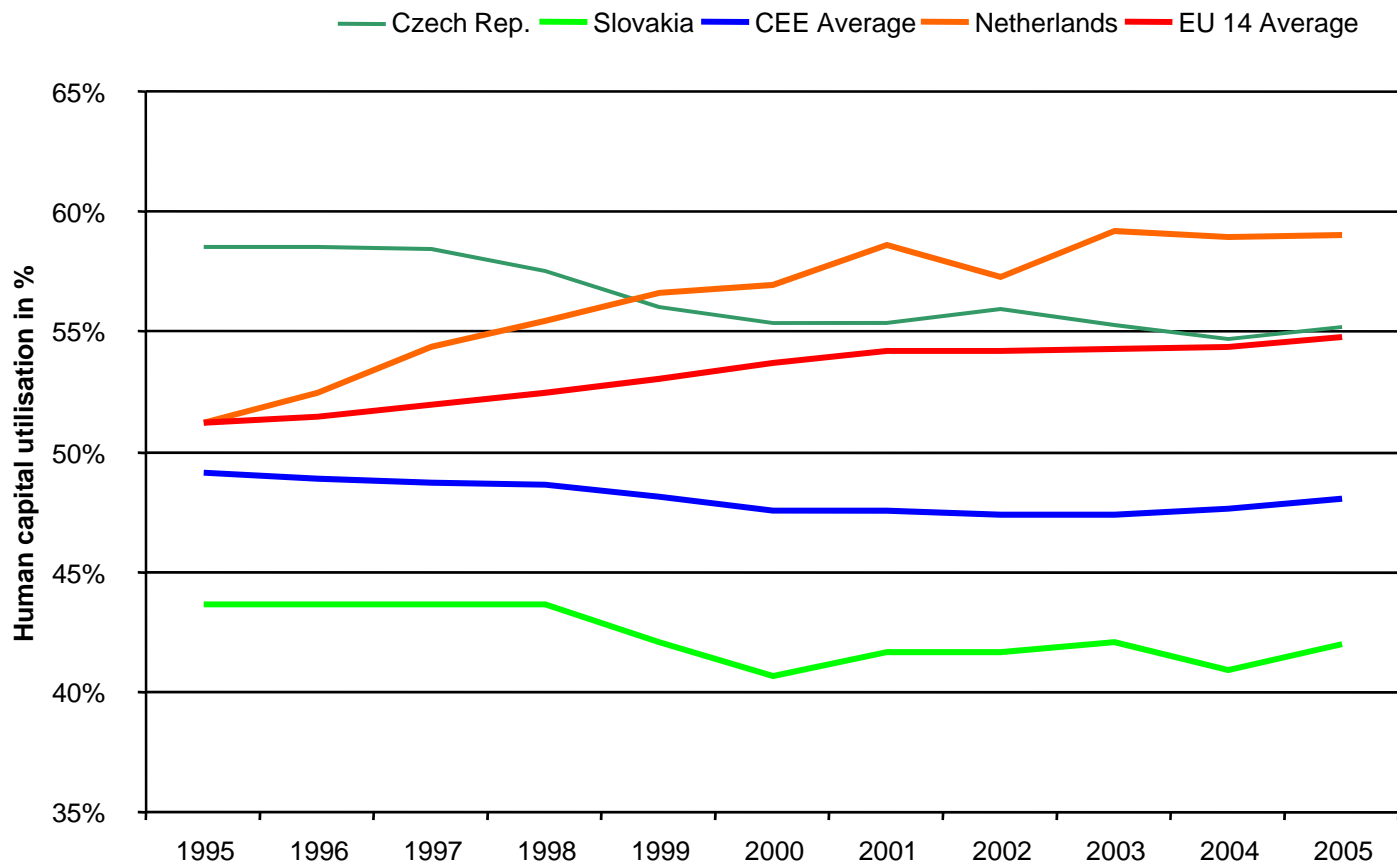
*„Your contribution is the highlight of our meeting here – you have helped our understanding where we should place our priorities“*

Samuel BA Isaacs – CEO South African Qualifications Authority





## Human capital utilisation rising in Western Europe, but stagnating in Central and Eastern Europe



## Audiences in 2007

US State Department, Intelligence and Research Bureau

Federal Government of Canada, Policy Research Initiative

Centre d'analyse stratégique of the French Prime Minister's Office

Korea Research Institute for Vocational Education and Training

European Union, Interreg IVb North Sea Region Programme

B7 Baltic Islands Network Cooperation

OECD Education Department and their INES B expert network from 28 countries

Economic Policy Committee of the European Finance Ministers

## In the pipeline for 2008

Human capital productivity comparison between German SAP and Indian Infosys

Talent utilization evaluation for the European car manufacturing industry

Human capital in cities

Business Plan for Germany

Global Human Capital Index

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# Thank you

## Peer Ederer, PhD

Director, human capital center, Lisbon Council

+49 171 55 164 99

[www.lisboncouncil.net](http://www.lisboncouncil.net)

## Human capital makes most of the difference

	<b>Russia</b>	<b>Nigeria</b>
GDP 1990	\$90 billion	\$28 billion
GDP 2004	\$764 billion	\$99 billion
Population 2004 (1990)	144 m (148)	137 m (93)
Exports	60% oil+minerals=\$160 billion	95% oil+minerals=\$50 b
Politics	nominal democracy	nominal democracy
Business Climate	entrenched corruption open market economy	entrenched corruption open market economy
Economic Freedom Index	120	131
Literacy 2003 (1990)	99% (99)	68% (48)
Tertiary Edu Enrolment	53%	3%